MULTIMEDIA UNIVERSITY

STUDENT ID NO

MULTIMEDIA UNIVERSITY

FINAL EXAMINATION

TRIMESTER 1, 2017/2018

DMG5018 – MANAGEMENT ACCOUNTING 1

(For Diploma Students Only)

25 OCTOBER 2017
2.30PM – 5.30PM
(3 Hours)

INSTRUCTIONS TO STUDENTS

1. This question paper consists of **5** pages with **5** questions.
2. Answer **ALL** questions in the answer booklet provided.

QUESTION 1

Part A

(a) Explain **TWO (2)** similarities between management and financial accounting. (2 marks)

(b) Provide **TWO (2)** purposes of having organisation charts in a company. (2 marks)

Part B

Kitaro Manufacturing Sdn. Bhd. has provided financial data as listed below for year 2016:

	Amount
Direct materials used	RM16,300
Work in process, January 1	RM11,000
Direct material purchased	RM20,000
Direct labour	RM13,000
Factory equipment's costs	RM60,000
Total manufacturing costs	**(i)**
Salaries for office staff	RM20,000
Work in process, December 31	**(ii)**
Sales revenue	RM72,500
Cost of goods manufactured	RM15,800
Finished goods, January 1	**(iii)**
Cost of goods available for sale	RM36,200
Other administrative expenses	RM3,000
Cost of goods sold	**(iv)**
Finished goods, December 31	RM11,200
Selling and Marketing expenses	RM4,500
Manufacturing overhead	RM15,000

Instructions:

(a) Indicate the **FOUR (4)** missing amounts in the box above. (2 marks)

Continued...

(b) Prepare a Cost of Goods Manufactured Schedule for the year ended December 31, 2016. (4 marks)

(c) Prepare the Statement of Comprehensive Income for the year ended December 31, 2016. (6 marks)

Part C

Presented below is a list of costs and expenses incurred by Setia Utama Manufacturing Sdn. Bhd., a manufacturer of an exercise bike.

1. Insurance of factory machines.
2. Glue, screws and paint used in production.
3. Wages for warehouse's security guard.
4. Bike seat.
5. Wages paid for assembly workers.
6. Depreciation for factory machines.
7. Delivery costs for sending goods to customer.
8. Wages for factory supervisor.

Instruction:
Classify the above items as either direct material, direct labour, manufacturing overhead or period cost. (4 marks)

[TOTAL 20 MARKS]

QUESTION 2

Sinkoh Company started business on January 5, 2017. It uses job order costing. The company chooses direct labour costs as a bases in applying overhead costs to products. The following information is for the year 2017.

(1) Estimated direct labour costs and manufacturing overhead costs are RM300,000 and RM330,000 respectively.

(2) Three jobs were started in the year and the following costs are charged to them as follows:

Jobs	Direct materials	Direct labours
Job A	RM150,000	RM50,000
Job B	RM300,000	RM70,000
Job C	RM80,000	RM60,000

(3) Job A and Job B were completed during the year but only Job B was sold by the end of the year on credit terms with a 50% profit on manufacturing costs. Job C is still in production.

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Instructions:

(a) What are the **TWO (2)** steps involved in assigning manufacturing overhead costs to job under job-order costing system? (1 mark)

(b) Calculate the predetermined overhead rate. (2 marks)

(c) How much is the overhead applied for each job? (3 marks)

(d) Calculate the total manufacturing costs for all completed jobs. (4 marks)

(e) Prepare the journal entries reflecting the assignment of manufacturing cost, completion and sales transaction of respective jobs. (6 marks)

(f) Prepare T-accounts for Work in Process and Finished Goods inventory. Post the relevant items from your journal entries to these T-accounts. (4 marks)

[TOTAL 20 MARKS]

QUESTION 3

The Bottling Department of Cemerlang Manufacturing Sdn. Bhd. has the following production and manufacturing costs data for May, 2017. All materials are added at the beginning of the process.

Cost data:		
Beginning work in process inventory	RM34,640	(RM16,800 are material costs)
Materials	60,000	
Conversion costs	30,000	
Total costs	RM124,640	

Production data:		
Beginning work in process (unit)	4,000	(40% complete as to conversion costs)
Units started into production	60,000	
Ending work in process (unit)	6,000	(30% complete as to conversion costs)

Instructions:

(a) Explain the four steps necessary to prepare a production cost report. (2 marks)

(b) Prepare the production cost report for Bottling Department. (18 marks)

[TOTAL 20 MARKS]

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QUESTION 4

Munira, the accountant of Kaizen Sdn. Bhd. prepared the following Statement of Comprehensive Income to be discussed during the monthly management meeting.

Kaizen Sdn. Bhd.
Statement of Comprehensive Income
For the month ended June 30, 2017

Sales (70,000 units at RM20 per unit)		RM1,400,000
Less: Variable expenses		
Cost of goods sold:		
Finished goods inventory, June 1	RM0	
Cost of goods manufactured	1,000,000	
Cost of goods available for sale	1,000,000	
Finished goods inventory, June 30	300,000	
Cost of goods sold	700,000	
Variable selling and administrative expenses	70,000	
Total variable expenses		770,000
Contribution margin		630,000
Fixed manufacturing overhead	200,000	
Fixed selling and administrative expenses	80,000	
Total fixed expenses		280,000
Net income		RM350,000

The General Manager of Kaizen Sdn. Bhd, disagreed with the profit figure. According to him, the manufacturing costs should include fixed costs too.

The company has completed a total of 100,000 finished goods in June 2017.

Instructions:

(a) What costing approach did Munira and the General Manager use? (1 mark)

(b) Calculate the unit product costs under the General Manager's costing approach. (2 marks)

(c) Prepare another Statement of Comprehensive Income to show the general manager's net income. Show the calculation on inventory as at June 30. (10 marks)

(d) Which costing approach reports a higher net income? Why? (3 marks)

(e) Give **TWO (2)** benefits from the costing approach used by Munira. (4 marks)

[TOTAL 20 MARKS]

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QUESTION 5

Part A

Akar Indah Company manufactures a single product. Monthly production costs incurred in the manufacturing process are shown below for the production of 5,000 units. The utilities and maintenance are mixed costs. The fixed portions for these costs are RM500 for utilities and RM400 for maintenance.

Production costs	Costs incurred for 5,000 unit produced
Direct materials	RM15,000
Direct labour	35,000
Utilities	1,800
Rent	2,000
Supervisors' salaries	4,000
Maintenance	2,300
Total costs incurred	RM60,100

Instructions:

(a) Define the terms variable costs, fixed costs and mixed costs. (3 marks)

(b) Calculate the expected costs to be incurred when production is 8,000 units. (7 marks)

Part B

In October 2017, Mitsu Company sold 1,200 units of products. The selling price was RM40. During the month, fixed costs were RM9,000 and variable costs were RM24,000.

Instructions:

(a) Determine the contribution margin per unit and as a ratio. (2 marks)

(b) Compute the break-even point in units and sales Ringgit. (4 marks)

(c) An advertising agency claims that an aggressive advertising campaign would enable the company to increase its unit sales by 30%. What is the maximum amount that the company can pay for advertising and obtain a net operating income of RM20,000? (4 marks)

[TOTAL 20 MARKS]

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